Banner Health

Health Savings and Spending Accounts

Health Savings Accounts (HSAs)

An HSA is a bank account used for qualified health care expenses (medical, prescription, dental and vision). Contributions are pre-tax, and it is your personal account to use now and in the future. There is no “use it or lose it” rule, so funds roll over from year to year. You can even take it with you if you leave Banner Health.

There are multiple ways to fund your HSA:

- Contribute your own money through payroll deductions.
- Contribute your own post-tax money directly to the account.
- Banner Health makes per-paycheck contributions to your HSA.

For 2024, Banner Health’s funding will be:

Premier Plan: Banner Health will contribute $450 for individual coverage or $900 for family coverage. Contributions are made on a per-paycheck basis in 2024.

Benefits of HSAs

- Your HSA contributions come out of your paycheck pre-tax.
- You earn tax-free interest.
- You can take money out tax-free if you use the money for qualified expenses for you and your eligible dependents — even if the dependents are not enrolled in your medical plan.

NOTE: HSA funds can’t be used on a domestic partner’s health care expenses even if he or she is covered on your medical plan, as he or she is not considered an eligible tax dependent by the IRS.

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Important Information About Your HSA

Banner Health’s contributions to your HSA will be made on a per-paycheck basis.

Note: Due to rounding, your actual annual contribution may vary from your elected amount by a few cents, but will never exceed the allowable annual maximum.

An HSA is a smart way to save for health care expenses.

How Your Medical Plan and the HSA Work Together

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» HSA funds are yours to keep. There is no "use it or lose it" rule, and you can take the HSA with you if you change jobs and/or insurance plans.
» Once your savings reach $1,000, you can invest your money in mutual funds to achieve a higher rate of growth.
» After you retire, you can use the money for Medicare premiums.
» You can only use the funds in your HSA for qualified health care expenses.
» You can change your HSA contribution at any time throughout the year.

HSA eligibility

You are eligible to fund an HSA if you are enrolled in the Banner Health Value or Premier High-Deductible Health Plans.

You are not eligible if you are:

» Covered by a non-HSA eligible medical plan, Health Care FSA (including an account provided through your spouse's employer) or health reimbursement arrangement.
» Eligible to be claimed as a dependent on someone else's tax return.
» Enrolled in Medicare or TRICARE for Life.
» Receiving Veterans Affairs (VA) Benefits or have received VA benefits in the last six months.

Refer to **IRS Publication 969** for additional eligibility details.

Flexible Spending Accounts (FSAs)

Banner Health offers our team members two FSAs. These FSAs let you set aside money for health care or dependent care expenses on a per-paycheck basis. This reduces your taxable income, which lowers the amount of federal and state taxes withheld from each paycheck.

You can enroll in FSAs even if you aren't enrolled in a Banner Health medical plan. However, you are not eligible to participate in the Health Care FSA if you are enrolled in the Value or Premier High-Deductible Health Plans.

There are two ways to fund your Health Care FSA:

- You can save up to $3,050 per year in a Health Care FSA, which is spread out evenly over the remaining pay periods in the plan year from when you enroll.
- You can make claims on the entire planned contribution even before you make the actual payroll contributions.
- You can use the Health Care FSA for eligible medical, pharmacy, dental and vision expenses for you and your eligible dependents, even if they are not covered by your Banner Health plans.
- When using the debit card, you may still be required to mail or fax proof of your expenses, or the payment will become taxable.
- If you don't use the debit card, you file a claim for reimbursement.
- There is a "use it or lose it" rule, so plan wisely. Any unused balance at the end of the plan year is forfeited.
- You can't use the money for non-eligible expenses. If you do, you must pay regular income tax on the expense.
- IRS guidelines require substantiation of claims processed through a debit card. Example: providing a copy of an Explanation of Benefits.

Using a Dependent Care FSA

- You can save up to $5,000 per year in a Dependent Care FSA, which is spread out evenly over the remaining pay periods in the plan year from when you enroll.
- As you incur expenses, you file a claim for reimbursement.
- You can only make claims on the contributions that have come out of your paycheck.
- You can use the Dependent Care FSA for eligible day care expenses for children up to age 13 and elder care.

For details about eligible expenses under the FSAs, review IRS Publication 502 at **irs.gov/forms-pubs/about-publication-502**.

For more FSA tips visit: **Banner FSA Tips**.

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Non-discrimination Testing Rules Apply

To ensure non-highly compensated team members receive a fair share of the tax benefits offered through these plans, non-discrimination testing rules apply to prevent plans from allowing highly paid individuals to benefit at a higher percentage than non-highly paid individuals. Depending on the results of the testing, a highly compensated team member may not be eligible to contribute the maximum amount to an FSA. You will be notified if this applies to you.